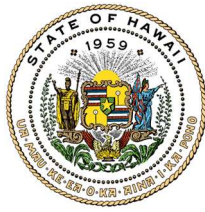


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
**DEPARTMENT OF CORRECTIONS
AND REHABILITATION**
*Ka 'Oihana Ho'omalu Kalaima
a Ho'oponopono Ola*
1177 Alakea Street
Honolulu, Hawaii 96813

TOMMY JOHNSON
DIRECTOR

Melanie Martin
Deputy Director
Administration

Vacant
Deputy Director
Correctional Institutions

Sanna Muñoz
Deputy Director
Rehabilitation Services
and
Programs

No. _____

TESTIMONY ON HOUSE BILL 1424, HOUSE DRAFT 1
RELATING TO APPROPRIATIONS.

by
Tommy Johnson, Director
Department of Corrections and Rehabilitation

Senate Committee on Government Operation
Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair

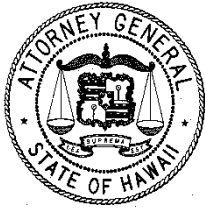
Friday, March 18, 2025; 3:05 p.m.
State Capitol, Conference Room 308 & via Videoconference

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee:

The Department of Corrections and Rehabilitation (DCR) opposes House Bill (HB) 1424, House Draft (HD) 1, which prohibits the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

DCR operates eight (8) correctional institutions in all islands, twenty-four hours, seven-days a week. DCR is faced with a lot of challenges as it provides for the health and safety of the justice involved individuals we are mandated to care for, as well as its employees who work in these institutions. DCR must have the flexibility to use its resources where needs are immediate, and necessary emergent response is critical. This bill prohibits DCR's ability to utilize available financial resources to address its operations, and stay within the appropriation provided for each and every Program ID it is responsible for.

Thank you for the opportunity to provide testimony in opposition to HB 1424, HD 1.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 1424, H.D. 1, RELATING TO APPROPRIATIONS.

BEFORE THE:

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

DATE: Tuesday, March 18, 2025

TIME: 3:05 p.m.

LOCATION: State Capitol, Room 225

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Ian Robertson, Deputy Attorney General

Chair McKelvey and Members of the Committee:

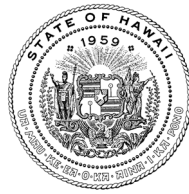
The Department of the Attorney General opposes this bill.

The purpose of this bill is to prohibit departments and agencies from transferring funds appropriated for positions to operating expenses or from operating expenses to positions, except to fulfill the Legislature's purpose for which the funds were appropriated.

Currently, when departments and agencies transfer funds appropriated for positions to operating expenses, and vice versa, such transfers are already subject to prior approval by the Department of Budget and Finance—a process that provides flexibility but ensures meaningful oversight. This process is important because departments and agencies frequently must be able to deploy funds to meet unexpected expenses.

This bill, if passed into law, would impair departments' and agencies' ability to flexibly utilize funds to meet their obligations. Moreover, if this bill is enacted, when unexpected expenses arise in connection with projects, departments and agencies may be forced to cease those projects until they obtain new appropriations from the Legislature.

We respectfully ask the Committee to consider our comments.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS
ON
HOUSE BILL NO. 1424, H.D. 1

March 18, 2025
3:05 p.m.
Room 225 and Videoconference

RELATING TO APPROPRIATIONS

The Department of Budget and Finance (B&F) opposes this bill.

House Bill No. 1424, H.D. 1, proposes to amend Chapter 37, Budget, HRS, to prohibit the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The proposed restriction would change the State's present program budgeting approach under Chapter 37 to one more akin to line-item budgeting. It is important to note that expenditures from a program appropriation whether it be for personal services or operating expenses (i.e., other current expenses, equipment or motor vehicles) are to further the defined program objectives set forth in the official budget documents submitted to the Legislature in conformance with Chapter 37.

Through the budget preparation process, the Executive Branch proposes additions, trade-offs and transfers within department base budgets to better reflect expected program resource requirements. However, it is not always possible to foresee program requirements over a year in advance. The proposed restriction would negatively change departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives.

For these reasons, B&F opposes this bill.



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Government Operations
Tuesday, March 18, 2025
3:05 p.m.
Conference Room 225 & Videoconference
State Capitol
415 South Beretania Street

On the following measure:
H.B. 1424, H.D. 1, RELATING TO APPROPRIATIONS

Written Testimony Only

Chair McKelvey and Members of the Committee:

My name is Nadine Ando, and I am the Director for the Department of Commerce and Consumer Affairs' (Department). The Department opposes this bill.

The purpose of this bill is to prohibit the transfer of funds appropriated for positions to operating expenses and vice versa except to fulfill the Legislature's purpose for which the funds were appropriated.

The proposed restriction would change the State's present program budgeting approach under Chapter 37 to one more akin to line-item budgeting. It is important to note that expenditures from a program appropriation whether it be for personnel services or operating expenses (i.e., other current expenses, equipment, or motor vehicles) are to further the defined program objectives set forth in the official budget documents

submitted to the Legislature in conformance with Chapter 37.

Through the budget preparation process, the Executive Branch proposes additions, trade-offs and transfers within department base budgets to better reflect expected program resource requirements. However, it is not always possible to foresee program requirements over a year in advance. The proposed restriction would negatively change departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

March 18, 2025

To: The Honorable Angus L.K. McKelvey, Chair
The Honorable Mike Gabbard, Vice Chair
Members on the Senate Committee on Government Operations

Date: Tuesday, March 18, 2025
Time: 3:05 p.m.
Place: Conference Room 225 & Videoconference

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: HB 1424 HD 1 RELATING TO APPROPRIATIONS

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR offers comments** regarding HB1424 HD1, which would prohibit the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

II. COMMENTS ON THE HOUSE BILL

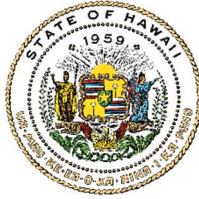
DLIR has concerns about this measure and defers to the Department of Budget and Finance. Now, more than ever, considering the federal government's proposed spending pause and related policy initiatives stirring confusion and uncertainty around federally-funded services, it is critically important that the DLIR has the flexibility to address emergencies and unforeseen expenditures.

The DLIR's ability to provide the services to those we support would be negatively impacted without the flexibility to transfer funds between the personal services and operating cost categories.

Thank you for providing us the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA**

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
DAWN N. S. CHANG
Chairperson**

**Before the Senate Committee on
GOVERNMENT OPERATIONS**

**Tuesday, March 18, 2025
3:05 PM**

State Capitol, Conference Room 225, and Videoconference

**In consideration of
HOUSE BILL 1424, HOUSE DRAFT 1
RELATING TO APPROPRIATIONS**

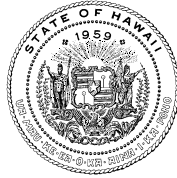
House Bill 1424, House Draft 1 proposes to amend Chapter 37 - Budget, HRS, to restrict the use of funds appropriated by the Legislature by prohibiting the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated. **The Department of Land and Natural Resources (Department) appreciates the intent of this bill and offers comments to highlight potential challenges this restriction may pose.**

The proposed restriction would negatively change the departmental operational focus to compliance with staying within specific budget category amounts rather than achieving overall program objectives. During the budget process, the Department makes every effort to reflect expected programmatic funding requirements. But at times, real-world conditions often require reallocation of resources to respond effectively. The ability to transfer funds between different cost categories is critical to allowing the Department to respond to unexpected circumstances and/or conditions.

The prohibition may result in the inability to carry out the Department's mission to enhance, protect, conserve, and manage Hawai'i's unique and limited natural, cultural, and historic resources, especially when unforeseen situations and/or emergencies occur.

Mahalo for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON GOVERNMENT OPERATIONS

MARCH 18, 2025, 3:05 P.M.
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1424, H.D. 1

RELATING TO APPROPRIATIONS.

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee, thank you for the opportunity to submit testimony on this measure.

H.B. 1424, H.D. 1 proposes to amend Chapter 37, Budget, HRS, to ensure that funds appropriated by the legislature are used for their intended purpose by prohibiting the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The Department of Accounting and General Services (DAGS) defers to the Department of Budget and Finance and offers comments on this measure.

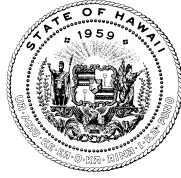
As DAGS is a central support department that provides physical, financial, and technical infrastructure support services to Executive Branch departments and other government agencies, it is vitally important that DAGS has the means to address

emergencies and unforeseen expenses via the transfer of funds appropriated for positions to operating expenses. DAGS operations and our ability to provide the quality and consistent essential services to those we support would be compromised without the flexibility to transfer funds between the personal services and operating cost categories.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia 'āina o ka Moku 'āina 'o
Hawaii 'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia 'āina o ka Moku 'āina
'o Hawaii 'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho 'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho 'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho 'opulapula Hawaii 'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS
HEARING ON MARCH 18, 2025 AT 3:05PM IN CR 225

HB 1424, HD 1, RELATING TO APPROPRIATIONS

March 17, 2025

Aloha Chair McKelvey, Vice Chair Gabbard, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits comments on this measure which prohibits the transfer of funds appropriated for positions to operating expenses, and vice versa, except to fulfill the Legislature's purpose for which the funds were appropriated.

The proposed restriction would change the State's present program budgeting approach under Chapter 37. This bill would negatively impact DHHL because it would prohibit the current flexibility DHHL has to address shortfalls in either case of positions or operating budget needs with HHL 625. DHHL recognizes that it is not always possible to foresee program requirements over a year in advance. DHHL also understands that expenditures from a program appropriation whether it be for personal services or operating expenses are to further the defined program objectives set forth in the official budget documents submitted to the Legislature in conformance with Chapter 37.

Thank you for your consideration of our testimony.

March 18, 2025 3:05 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Government Operations
Sen. Angus L.K. McKelvey, Chair
Sen. Mike Gabbard, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF HB1424 HD1 — RELATING TO APPROPRIATIONS

Aloha Chair McKelvey, Vice-Chair Gabbard and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **support** for [HB1424 HD1](#), which would prohibit state government departments or agencies from using funds appropriated for positions for operating expenses, and vice versa.

The issue of funded but vacant positions has become a major budgetary concern for the state. The governor's budget allocates funding for thousands of permanent and temporary positions, yet, according to a [report](#) from the Hawaii Department of Human Resources Development, about a quarter of all state civil service positions are unfilled.

What happens to the funds for these vacant positions?

Responsible budgeting requires greater accountability for the use of such allocations, and this bill would advance that goal. By preventing the transfer of funds intended for positions, HB1424 HD1 would help prevent agencies from using vacancies like a slush fund for other expenditures.

Grassroot does, however, have one concern regarding the bill's exception stating that the transfer of funds is allowed "to fulfill the legislature's purpose for which the funds were appropriated." This wording is so vague that it could undermine the intent of the bill.

After all, one could argue that funds appropriated for certain positions and then spent on agency operations still fulfill the requisite legislative intent — especially if that position could be described as advancing the agency’s operations or mission.

If the committee does not wish to modify this exception, we suggest the addition of a reporting and justification requirement for any use of funds that would fall under this exception.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii